

NEW APPLICATION



0000166074

ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2015 SEP -4 P 12:30

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

SUSAN BITTER SMITH, Chairman

SEP 09 2015

BOB STUMP

BOB BURNS

DOUG LITTLE

TOM FORESE

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA ELECTRIC POWER COOPERATIVE,
INC. FOR A TEMPORARY TARIFF RIDER

Docket No. E-01773A-15-0324

APPLICATION

Pursuant to A.R.S. § 40-374, Arizona Electric Power Cooperative, Inc. ("AEPCO" or the
"Cooperative") in support of its Application states as follows:

1. AEPCO is an Arizona not-for-profit electric generation cooperative which
supplies all or most of the power and energy requirements of its six Class A member distribution
cooperatives, five of which are located in Arizona.

2. For the reasons discussed herein, AEPCO requests Commission authorization to
implement a temporary tariff rider to return to its members approximately \$2.5 million in fixed
gas reservation charges the Cooperative paid in the years 2009 through 2015.

3. In 2011, AEPCO filed a lawsuit against El Paso Natural Gas ("EPNG") with the
Federal Energy Regulatory Commission challenging the reasonableness of the rates established
by EPNG for firm natural gas transportation to the Cooperative's Apache Generating Station.

4. Earlier this year, AEPCO and EPNG negotiated a settlement agreement pursuant
to which AEPCO received \$2,535,172.79 in total settlement proceeds.

5. For a portion of the time that AEPCO paid the disputed EPNG charges, the
Cooperative had in place a Firm Power Sale Agreement (the "Agreement") with Electrical

1 District No. 2 Pinal County ("ED2").¹ Accordingly, the Cooperative's monthly energy charges
2 to ED2 included the EPNG firm natural gas transportation costs as a component of the cost of
3 energy. Pursuant to the Agreement, the portion of the settlement owed to ED2 was \$19,538.02.

4 6. After accounting for the amount owed ED2, the remaining settlement proceeds
5 total \$2,515,634.77.

6 7. AEPCO's Board of Directors recently considered and approved a proposal to
7 return to each member its share of the settlement proceeds over a 12-month period beginning
8 January 1, 2017. This refund period was chosen in order to avoid overlap with the current
9 Surface Transportation Board ("STB") reparations refund, which began January 1, 2015 and
10 expires in December of 2016.² The amount of each member's monthly refund is calculated in
11 Exhibit 1.

12 8. Therefore, AEPCO requests that the Commission approve a temporary tariff rider
13 that will apply the appropriate settlement refund credit to each member's monthly invoice. A
14 copy of the proposed rider – Temporary Tariff Rider No. 2 – is attached hereto as Exhibit 2.

15 WHEREFORE, having fully stated its Application, AEPCO requests that the
16 Commission enter its Order authorizing AEPCO to implement a temporary tariff rider as
17 described herein as well as any other and further relief the Commission deems just and
18 appropriate.

19
20
21
22
23

¹ The ED2 contract expired in October of 2012.

24 ² The STB refund was approved by the Commission in Decision No. 74904.

1 RESPECTFULLY SUBMITTED this 9th day of September, 2015.

2
3 By 

4 Jennifer A. Cranston
5 2575 East Camelback Road
6 Phoenix, Arizona 85016-9225
7 Attorneys for Arizona Electric Power
8 Cooperative, Inc.

9 **Original and 13 copies** filed this
10 9th day of September, 2015, with:

11 Docket Control
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 **Two copies** of the foregoing delivered
16 this 9th day of September, 2015, to:

17 The Office of Commissioner Susan Bitter Smith, Chairman
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21 The Office of Commissioner Bob Burns
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

 The Office of Commissioner Bob Stump
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

 The Office of Commissioner Doug Little
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

1 The Office of Commissioner Tom Forese
Arizona Corporation Commission
2 1200 West Washington Street
Phoenix, Arizona 85007

3 **Copies** of the foregoing delivered
4 this 9th day of September, 2015, to:

5 Tom Broderick, Director
Utilities Division
6 Arizona Corporation Commission
1200 West Washington Street
7 Phoenix, Arizona 85007

8 Terri Ford
Utilities Division
9 Arizona Corporation Commission
1200 West Washington Street
10 Phoenix, Arizona 85007

11 Barbara Keene
Utilities Division
12 Arizona Corporation Commission
1200 West Washington Street
13 Phoenix, Arizona 85007

14 Candrea Allen
Utilities Division
15 Arizona Corporation Commission
1200 West Washington Street
16 Phoenix, Arizona 85007

17 

18 10421-0080/5019067

Arizona Electric Power Cooperative, Inc.

Allocation of El Paso Gas Refunds by Member

Calendar Years 2009-2015

Description	Net Refund CY 2009	Net Refund CY 2010	Net Refund CY 2011	Net Refund CY 2012	Net Refund CY 2013	Net Refund CY 2014	Net Refund CY 2015	Net Refund Total	Monthly Refund Over 12 Months
Anza	\$ 1,257.21	\$ 1,237.83	\$ 11,536.94	\$ 13,856.26	\$ 13,806.74	\$ 12,730.39	\$ 2,231.40	\$ 56,656.78	\$ 4,721.40
Duncan	692.76	704.23	6,973.51	7,982.81	8,406.11	8,325.22	1,406.87	34,491.51	2,874.29
Graham	3,948.31	3,830.80	41,501.29	47,314.64	45,377.73	44,382.00	7,366.53	193,721.31	16,143.44
Mohave	16,639.01	16,186.74	188,457.93	217,166.92	212,258.14	205,497.07	34,558.94	890,764.74	74,230.40
Sulphur Springs	21,635.88	21,389.21	166,874.76	192,295.85	187,949.25	181,962.49	30,601.07	802,708.50	66,892.37
Trico	15,974.48	15,660.67	111,074.37	127,995.03	125,101.87	121,116.99	20,368.54	537,291.93	44,774.33
Total	\$ 60,147.65	\$ 59,009.47	\$ 526,418.81	\$ 606,611.50	\$ 592,899.84	\$ 574,014.15	\$ 96,533.35	\$ 2,515,634.77	\$ 209,636.23

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TEMPORARY TARIFF RIDER NO. 2

TEMPORARY

Effective Date: January 1, 2017

APPLICABILITY

Applicable to the Company's Class A members as follows:

Partial Requirements Members:

Mohave Electric Cooperative, Inc.
Sulphur Springs Valley Electric Cooperative, Inc.
Trico Electric Cooperative, Inc.

Collective All-Requirements Members:

Anza Electric Cooperative, Inc.
Duncan Valley Electric Cooperative, Inc.
Graham County Electric Cooperative, Inc.

RATE

Pursuant to Arizona Corporation Commission Decision No. [TBD], the customer monthly bill shall consist of the applicable charges and adjustments as set forth in the Partial-Requirements Schedule of Rates and Fixed Charge and as set forth in the Company's Tariff for its collective all-requirements Class A members ("CARM"). In addition, the monthly bill will include an applicable Rider No. 1 credit as follows:

Partial Requirements Members:

Mohave Electric Cooperative, Inc. - (\$74,230.40)/mo.
Sulphur Springs Valley Electric Cooperative, Inc. - (\$66,892.37)/mo.
Trico Electric Cooperative, Inc. - (\$44,774.33)/mo.

Collective All-Requirements Members:

Anza Electric Cooperative, Inc. - (\$4,721.40)/mo.
Duncan Valley Electric Cooperative, Inc. - (\$2,874.29)/mo.
Graham County Electric Cooperative, Inc. - (\$16,143.44)/mo.

This temporary credit shall remain in effect for a period of twelve (12) months beginning with the effective date specified herein.